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IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX REFERENCE NO.690 OF 1995

The Commissioner of Income-tax ..Applicant.

V/s.

Matchwell Electricals (I) Ltd. ..Respondent.

Mr.A.S.Rao for applicant.

Mr.P.Vaidya for respondent.

CORAM : V.C. DAGA AND J.P.DEVADHAR, JJ.

DATED : 4TH APRIL, 2005.

P.C. :-

1. In this reference, the question referred for the opinion of this Court reads as under :-

> " Whether, on the facts and in the circumstances of the case, the Tribunal was right in law in holding that for the purpose of computing the disallowance out of expenditure incurred on payment of salaries and perquisites to employee directors the limits prescribed under the provisions of sec.40(c) should be applied and not those under section 40A(5) of the I.T. Act ? "

2. The above question has already been answered by the Division Bench of this Court in the case of **C.I.T. V/s. Hico Products Pvt.Ltd. (No.1) [(1993) 201 I.T.R. 567 (Bom.)** in favour of the assessee and against the revenue. In this view of the matter, question stands answered in affirmative for the reasons stated in the case of Hico Products (P) Ltd. Reference, accordingly stands disposed of with no order as to costs.

(V.C. DAGA, J.)

(J.P.DEVADHAR, J.)